

DELAWARE COMPENSATION RATING BUREAU, INC.

Excess Loss Ratios and Loss Limitations

Page 1 shows the calculation of the excess loss ratio consistent with a loss limitation of \$1,900,000 per claim in the current filing. Excess ratios, prior to adjustments for expense and risk load, are weighted with standard premiums by hazard group to get an average excess ratio of 0.1242.

Page 2 shows periods when excess loss factors have been revised dating back to 1981. Also shown are loss limits consistent with an excess loss ratio of 0.0757 for those filings, the 0.0757 ratio corresponding to a loss limit of \$1,500,000 effective with the December 1, 2004 filing when a limited loss approach was first introduced. An exponential curve fit to the loss limitations showed an average annual change of 8.05% in loss limits.

Page 3 shows the calculation of loss limits by policy year tied to a limit of \$1,900,000 for policies effective during the twelve months beginning December 1, 2007 and with an underlying annual change in the loss limit of 8.05% per year.

**Delaware December 1, 2007 Rate & Loss Cost Filing
Average Excess Ratio for Losses Limited at \$1,900,000**

Hazard Group	Standard Earned Premium *	Average Excess Ratio ** \$1,900,000
I	47,933,455	0.0824
II	303,207,542	0.0984
III	250,659,869	0.1459
IV	67,673,138	0.1889
TOTAL	669,474,004	0.1242

* Exhibit 17-A, page 2, exhibit I - three year premiums

** Exhibit 17-A, pages exhibits VIII a-d, column (1)
before adjustment for PLR and risk load

**Delaware December 1, 2007 Rate & Loss Cost Filing
Loss Limitations for Excess Loss Factor = .0757**

Effective Date	Time (t)	Loss Limit at ELF = 0.0757
3/1/1981	1.0000	204,563
2/1/1988	7.9167	457,840
8/1/1994	14.4167	841,596
8/1/1997	17.4167	852,441
10/1/1998	18.5833	650,000
12/1/1999	19.7500	655,000
3/1/2001	21.0000	681,000
12/1/2001	21.7500	685,000
12/1/2002	22.7500	781,000
12/1/2003	23.7500	1,081,000
12/1/2004	24.7500	1,500,000
12/1/2005	25.7500	2,116,000
12/1/2006	26.7500	2,824,000

Annual Trend = .0805

**Delaware December 1, 2007 Rate & Loss Cost Filing
Calculation of Policy Year Loss Limitations**

Annual Trend Factor (f) = 0.0805

Policy Year Begin 1/1	Midpoint	Time (t)	Trend Factor (1+f)^t	Ratio to t = 22.9167	Loss Limit ratio * 1,500,000
1983	01/01/84	1	1.080500	0.183255	274,883
1984	01/01/85	2	1.167480	0.198007	297,011
1985	01/01/86	3	1.261462	0.213947	320,920
1986	01/01/87	4	1.363010	0.231169	346,754
1987	01/01/88	5	1.472732	0.249779	374,668
1988	01/01/89	6	1.591287	0.269886	404,829
1989	01/01/90	7	1.719386	0.291611	437,417
1990	01/01/91	8	1.857797	0.315086	472,629
1991	01/01/92	9	2.007349	0.340451	510,676
1992	01/01/93	10	2.168941	0.367857	551,785
1993	01/01/94	11	2.343541	0.397469	596,204
1994	01/01/95	12	2.532196	0.429466	644,199
1995	01/01/96	13	2.736037	0.464038	696,056
1996	01/01/97	14	2.956288	0.501393	752,089
1997	01/01/98	15	3.194270	0.541755	812,632
1998	01/01/99	16	3.451408	0.585366	878,049
1999	01/01/00	17	3.729247	0.632488	948,732
2000	01/01/01	18	4.029451	0.683403	1,025,105
2001	01/01/02	19	4.353822	0.738417	1,107,626
2002	01/01/03	20	4.704304	0.797860	1,196,790
2003	01/01/04	21	5.083001	0.862088	1,293,131
2004	01/01/05	22	5.492183	0.931486	1,397,228
2005	01/01/06	23	5.934303	1.006470	1,509,705
2006	01/01/07	24	6.412015	1.087491	1,631,237
Policy Year					
Begin 12/1	Midpt				
2004	12/01/05	22.9167	5.896154	1.000000	1,500,000
2005	12/01/06	23.9167	6.370794	1.080500	1,620,750
2006	12/01/07	24.9167	6.883643	1.167480	1,751,220
2007	12/01/08	25.9167	7.437776	1.261462	1,892,194
					1,900,000 (Selected)